



CITY OF PITTSBURG
REQUEST FOR PROPOSALS
FOR
PROFESSIONAL AUDITING SERVICES
AUGUST 19, 2019

CITY OF PITTSBURG
201 W 4th Street
P. O. Box 688
Pittsburg, Ks 66762-0688

**CITY OF PITTSBURG, KANSAS
REQUEST FOR PROPOSALS**

I. INTRODUCTION

A. General Information

The City of Pittsburg, Kansas is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ended December 31, 2019, with the option of auditing its financial statements for each of the four subsequent fiscal years. The audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office's (GAO) *Government Auditing Standards* issued by the U.S. General Accounting Office of Management, the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and all applicable laws of the State of Kansas.

There is no expressed or implied obligation for the City of Pittsburg, Kansas to reimburse responding firms for any expenses incurred in preparing the proposals in response to this request.

To be considered, the proposal must be received in an electronic format by e-mail to jamiec@pittks.org and larissa.bowman@pittks.org or by mailing to the City of Pittsburg, P.O. Box 688, Pittsburg, Kansas 66762 prior to 5:00 PM on Friday, September 13, 2019. The City of Pittsburg, Kansas reserves the right to reject any or all proposals submitted.

Proposals will be evaluated by a selection committee consisting of:

James Clarkson, Director of Finance
Larissa Bowman, Deputy Director of Finance
Hillary Houston, Accounting Manager

During the evaluation process, the Selection Committee and the City of Pittsburg reserve the right, where it may serve the City of Pittsburg's best interest, to request additional information or clarifications from the proposing firm, or to allow corrections of errors or omissions. At the discretion of the Selection Committee or the City of Pittsburg, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The City of Pittsburg, Kansas reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is accepted. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of Pittsburg, Kansas and the firm selected.

It is anticipated the selection of a firm will be completed by Friday, September 20, 2019. Following the notification of the selected firm, it is expected a contract will be executed between both parties pending formal approval by the Pittsburg City Commission.

B. Term of Engagement

A five-year contract is contemplated, based on satisfactory performance of the previous years' service, the satisfactory negotiation of terms (including a price acceptable to both the City of Pittsburg, Kansas and the selected firm), the concurrence of the City Commission and the annual availability of an appropriation.

II. NATURE OF SERVICES REQUIRED

A. General

The City of Pittsburg, Kansas is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal year ending December 31, 2019, with the option to audit the City of Pittsburg, Kansas' financial statements for each of the four subsequent fiscal years. These audits are to be performed in accordance with the provisions contained in this request for proposals.

B. Scope of Work to be performed

The City of Pittsburg, Kansas desires the auditor to express an opinion on the fair presentation of its basic financial statements in conformity with generally accepted accounting principles. The City also requires that the auditor assists in the preparation and printing of the Comprehensive Annual Financial Report.

C. Auditing Standards to be followed

To meet the requirements of this request for proposals, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's *Government Auditing Standards* (current applicable version), the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the Kansas Minimum Standard Audit Program.

D. Reports to be issued

Following the audit completion of the fiscal year's financial statements, the auditor shall issue:

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
2. A report on the internal control over financial reporting and on compliance and other matters based on an audit performed in accordance with *Government Auditing Standards*.
3. An "in-relation-to" report on the schedule of expenditures of federal awards.
4. A report on compliance with requirements that could have a direct and material effect on each major program and on the internal control over compliance in accordance with the OMB Compliance Supplement.

In the required reports on internal controls, the auditor shall communicate any significant deficiencies and/or material weaknesses found during the audit. A significant deficiency is defined as a deficiency in internal control, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is defined as a deficiency or combinations of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Irregularities and illegal acts. Auditors shall be required to make an immediate, written report to the City Manager and City Attorney of all irregularities and illegal acts of which they become aware.

E. Special Considerations

1. The City of Pittsburg, Kansas will send its comprehensive annual financial report (CAFR) to the Government Finance Officers Association (GFOA) of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting program. It is anticipated that the auditor will be required to provide special assistance to the City of Pittsburg, Kansas to meet the requirements of that program including written responses to GFOA comments to be included with the following years' CAFR application. The auditor shall prepare all financial statements and note to the financial statements. The City will prepare the introductory and statistical sections.
2. The City anticipates it will prepare one or more official statements in connection with the sale of debt securities, which may contain the basic financial statements and the auditor's report therein.
3. The City of Pittsburg, Kansas has determined that the United States Department of Housing and Urban Development (HUD) will function as an oversight agency in accordance with the provisions of the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
4. The schedule of expenditures of federal awards and related auditor's report, as well as the reports on the internal controls and compliance are to be issued as part of the comprehensive annual report.
5. All adjusting entries will be submitted to the City in writing with sufficient explanation and detail so that they can be easily understood and properly posted to the financial accounts.
6. The auditor shall keep the City advised of pending and actual changes in financial disclosures, accounting practices and reporting guidelines which would impact the City and its financial records, and shall be available for consultation and clarification of such matters.

7. If unusual circumstances are encountered making it necessary for the Auditor to do added work, the auditor shall immediately report such conditions to the Director of Finance, and both parties may negotiate such additional compensation as appears justified.

F. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years, unless the firm is notified in writing by the City of Pittsburg, Kansas of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the appropriate federal or state agencies.

In addition, the proposing firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

III. DESCRIPTION OF THE GOVERNMENT

A. Name and Telephone Number of Contact

The auditor's principal contact with the City of Pittsburg, Kansas will be Jamie Clarkson, Director of Finance, or Larissa Bowman, Deputy Director of Finance, who will coordinate the assistance to be provided by the City of Pittsburg to the auditor. They can be reached at (620) 231- 4100 or via email at jamiec@pittks.org and larissa.bowmn@pittks.org

B. Background Information

The City of Pittsburg is in southeast Kansas and has a population of 20,216. Pittsburg State University has an enrollment of approximately 6,700 students. The City of Pittsburg's fiscal year begins on January 1 and ends on December 31. The City's form of government is City Manager with five non-partisan City Commissioners elected at large, with one Commissioner serving annually as the Mayor and one serving annually as President of the Board.

The City of Pittsburg provides the following services to its citizens:

- Police and fire protection
- Street construction and maintenance
- Water treatment and distribution
- Wastewater collection and treatment
- Park and Recreation programs
- Municipal Auditorium
- Municipal Airport
- Municipal Golf Course
- Municipal Court
- Codes Enforcement
- Housing Authority

The City of Pittsburg has a total payroll of approximately \$15 million and 300 full time equivalent (FTE) employees.

The City of Pittsburg is organized into eight programs with several divisions within those programs. The accounting and financial reporting functions of the city are centralized. More detailed information on the government and its finances can be found in the annual budgets and audits on the City's website at <https://www.pittks.org/city-government/finance/>

- C. Fund Structure - the City of Pittsburg uses the following fund types and account groups in its financial reporting:

Governmental Funds

General Fund

Special Revenue Funds

Debt Service Fund

Capital Projects Fund

Trust and Agency Fund

Business Type Funds

Water/Wastewater Utility

Stormwater

Discretely Present Component Unit

Public Library

D. Budgetary Basis of Accounting

The City of Pittsburg does not prepare its budgets on a basis consistent with generally accepted accounting principles. Budgets are prepared upon State of Kansas Cash Basis requirements.

E. Federal/State Awards

Historically, the City of Pittsburg has received financial awards from the following:

- Federal Aviation Administration
- U.S. Department of Housing and Urban Development
- U.S. Department of Justice
- Kansas Housing Resources Corporation
- Kansas Department of Transportation
- FEMA

F. Pension Plans

The City of Pittsburg participates in the KPERS/KP&F State of Kansas pension plan, which is a defined benefit plan and also offers the International City/County Management Association (ICMA) and the KPERS Deferred Compensation 457 Plan.

G. Component Units

The City of Pittsburg is defined, for financial purposes, in conformity with the Governmental Accounting Standards Boards' *Codification of Governmental Accounting and Financial Reporting Standards*, Section 2100, as a primary government. Using these criteria, component units are included in the City of Pittsburg's financial statements.

The management of the City of Pittsburg identified the following component unit(s) for inclusion in the City of Pittsburg's financial statements:

Public Library

This component unit is to be audited as part of the audit of the City of Pittsburg's financial statements.

H. Magnitude of Finance Operations

The Finance Division consists of Finance which oversees accounting and payroll and Customer Service which oversees utility billing and collections.

I. Computer Systems

The City of Pittsburg utilizes INCODE (Tyler Technologies) software also utilizes Microsoft Office Products.

J. Availability of Prior Audit Reports

Interested firms who wish to review prior years' audit reports and management letters should contact Jamie Clarkson or Larissa Bowman at (620)231-4100.

IV. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates up to and including the date proposals are to be submitted:

Request for proposal issued	August 16, 2019
Due date for submittal	September 13, 2019
Selected firm notified	September 20, 2019
Contract date	October 8, 2019

B. Date Audit may commence

The City of Pittsburg will generally schedule the annual audit with the auditor for the first or second week of March following the year to be audited. **The City is requesting the week of March 9 thru March 13, 2020 for the 2019 audit.** The City will have all records ready for audit and all management personnel available to meet with the firm's personnel.

The auditor should have the following completed by no later than the dates indicated.

1. Detailed Audit Plan

The auditor shall provide the City of Pittsburg, before December 31, 2019 a detailed audit plan and a list of all schedules to be prepared by the City of Pittsburg, Kansas.

2. Fieldwork and Audit

The auditor can begin preliminary fieldwork after December 1, 2019. The on-site audit will be the week of March 9 thru March 13, 2020.

3. Report Due Date

The auditor shall provide the printed CAFR as well as all recommendations and suggestions for improvement to the City Manager and the Director of Finance by May 1, 2019. The CAFR shall be provided in ten (10) printed copies and along with a digital version.

4. Presentation

It is expected that the auditor will present a report on the City's financial condition as of the end of the audited year to the City Commission by May 26, 2020.

V. ASSISTANCE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. City Staff Assistance

The finance division staff and other relevant City personnel will be available during the fieldwork and audit to assist the firm by providing information, documentation, and explanations. The preparation of confirmations will be the responsibility of the City of Pittsburg.

B. Statements and Schedules to be prepared by the staff of the City of Pittsburgh

City staff will provide a GAAP basis trial balance for all funds plus all supporting documentation. For the CAFR, City staff will prepare the transmittal letter, management discussion and analysis section, and the statistical section.

C. Work Area, Telephone, copier, and WIFI

The City of Pittsburgh will provide the auditor with a reasonable work area. The auditor will also be provided with access to telephone lines, copiers, and a WIFI connection.

D. Report Preparations

Report preparations, editing and printing shall be the responsibility of the auditor.

VI. PROPOSAL REQUIREMENTS

A. General Requirements

i. Transmittal Letter

A signed transmittal letter shall briefly state the proposing firm's understanding of the work to be done, the commitment to perform the work within the time period, a statement addressing why the firm believes itself to be the best qualified to perform the engagement, and a statement that the proposal is a firm offer.

ii. Detailed Proposal

The detailed proposal should follow the order set forth in Section VI, Part B of this request for proposals.

iii. Estimated Cost

Proposals shall include a total all-inclusive maximum price for the audit year including any future year cost adjustments.

B. Technical Proposal

1. General Requirements

The purpose of the Technical Proposal is to demonstrate the qualifications, competence, and capacity of the firms seeking to undertake an independent audit of the City of Pittsburg in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirements.

The Technical Proposal should address all the points outlined in the request for proposals. The Proposal should be prepared simply and economically, providing straightforward, concise description of the proposing firms' capabilities to satisfy the requirements of the request for proposals. While additional data may be requested, the following subjects, items 2 through 8, must be included. They represent the criteria against which the proposal will be evaluated.

2. Independence

The firm should provide an affirmative statement that is independent of the City of Pittsburg as defined by the U.S. General Accounting Office's *Government Auditing Standards*.

The firm should also provide an affirmative statement that it is independent of all of the component units of the City of Pittsburg as defined by those same standards.

The firm should also list and describe the firm's professional relationships involving the City of Pittsburg, Kansas or any of its component units for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

In addition, the firm shall give the City of Pittsburg written notice of any professional relationships entered into during the period of this agreement.

3. License to Practice in Kansas

An affirmative statement should be included that the firm and all assigned key professional staff are properly registered or licensed to practice in Kansas.

1. Firm Qualifications and Experience

The proposing firm should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed, the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

The firm is also required to submit a copy of the report on its most recent peer review, with a statement whether that peer review included a review of specific government engagements.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

2. Partner, Supervisory, and Staff Qualifications and Experience

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each person is registered or licensed to practice as a certified public accountant in Kansas. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

Provide as much information as possible regarding the number, qualifications, experience, and training, including relevant continuing professional education of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted, are assigned to another office, or other reasonable cause.

Other audit personnel may be changed at the discretion of the proposing firm provided that replacements have substantially the same or better qualifications or experience.

3. Similar Engagements

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum 5) performed in the last five years that are similar to the engagement described in this request for proposal. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

4. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed to perform the services required in Section II of this request for proposal.

5. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems, and any special assistance that will be requested from the City of Pittsburgh.

The City of Pittsburgh reserves the right without prejudice to reject any or all proposals.